



General Assembly

January Session, 2005

***Raised Bill No. 6659***

LCO No. 1439

\* \_\_\_\_\_HB06659PS\_FIN031705\_\_\_\_\_\*

Referred to Committee on Public Safety and Security

Introduced by:  
(PS )

***AN ACT CONCERNING LOTTERY VENDOR, AFFILIATE AND  
OCCUPATIONAL LICENSES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1       Section 1. Section 12-815a of the general statutes is repealed and the  
2       following is substituted in lieu thereof (*Effective from passage*):

3       [The executive director of the Division of Special Revenue shall  
4       require the person or business organization awarded the primary  
5       contract by the Connecticut Lottery Corporation to provide facilities,  
6       components, goods or services which are necessary for the operation of  
7       the activities of said corporation to submit to state and national  
8       criminal history records checks. No such person or business  
9       organization may provide such facilities, components, goods or  
10      services unless such person or business organization submits to a state  
11      police background investigation in accordance with subsection (i) of  
12      section 12-574 or is issued a vendor license by the executive director of  
13      the Division of Special Revenue. The criminal history records checks  
14      required pursuant to this section shall be conducted in accordance  
15      with section 29-17a.]

16     (a) The executive director of the Division of Special Revenue shall  
17     issue vendor, affiliate and occupational licenses in accordance with the  
18     provisions of this section.

19     (b) No person or business organization awarded a primary contract  
20     by the Connecticut Lottery Corporation to provide facilities,  
21     components, goods or services that are necessary for and directly  
22     related to the secure operation of the activities of said corporation shall  
23     do so unless such person or business organization is issued a vendor  
24     license by the executive director of the Division of Special Revenue.  
25     For the purposes of this subsection, "primary contract" means a  
26     contract to provide facilities, components, goods or services to said  
27     corporation by a person or business organization (1) that provides any  
28     lottery game or any online wagering system related facilities,  
29     components, goods or services and that receives or, in the exercise of  
30     reasonable business judgment, can be expected to receive more than  
31     seventy-five thousand dollars or twenty-five per cent of its gross  
32     annual sales from said corporation, or (2) that has access to the  
33     facilities of said corporation and provides services in such facilities  
34     without supervision by said corporation. Each applicant for a vendor  
35     license shall pay a nonrefundable application fee of two hundred  
36     dollars.

37     (c) No person or business organization, other than a shareholder in  
38     a publicly traded corporation, may be a subcontractor for the provision  
39     of facilities, components, goods or services that are necessary for and  
40     directly related to the secure operation of the activities of the  
41     Connecticut Lottery Corporation, or may exercise control in or over a  
42     vendor licensee unless such person or business organization is licensed  
43     as an affiliate licensee by the executive director. Each applicant for an  
44     affiliate license shall pay a nonrefundable application fee of two  
45     hundred dollars.

46     (d) (1) Each employee of a vendor or affiliate licensee who has  
47     access to the facilities of the Connecticut Lottery Corporation and

48 provides services in such facilities without supervision by said  
49 corporation or performs duties directly related to the activities of said  
50 corporation shall obtain an occupational license.

51 (2) Each officer, director, partner, trustee or owner of a business  
52 organization licensed as a vendor or affiliate licensee and any  
53 shareholder, executive, agent or other person connected with any  
54 vendor or affiliate licensee who, in the judgment of the executive  
55 director, will exercise control in or over any such licensee shall obtain  
56 an occupational license.

57 (3) Each employee of the Connecticut Lottery Corporation shall  
58 obtain an occupational license.

59 (e) The executive director shall issue occupational licenses in the  
60 following classes: (1) Class I for persons specified in subdivision (1) of  
61 subsection (d) of this section; (2) Class II for persons specified in  
62 subdivision (2) of subsection (d) of this section; (3) Class III for persons  
63 specified in subdivision (3) of subsection (d) of this section who, in the  
64 judgment of the executive director, will not exercise authority over or  
65 direct the management and policies of the Connecticut Lottery  
66 Corporation; and (4) Class IV for persons specified in subdivision (3) of  
67 subsection (d) of this section who, in the judgment of the executive  
68 director, will exercise authority over or direct the management and  
69 policies of the Connecticut Lottery Corporation. Each applicant for a  
70 Class I or III occupational license shall pay a nonrefundable  
71 application fee of ten dollars. Each applicant for a Class II or IV  
72 occupational license shall pay a nonrefundable application fee of fifty  
73 dollars. The nonrefundable application fee shall accompany the  
74 application for each such occupational license.

75 (f) In determining whether to grant a vendor, affiliate or  
76 occupational license to any such person or business organization, the  
77 executive director may require an applicant to provide information as  
78 to such applicant's: (1) Financial standing and credit; (2) moral  
79 character; (3) criminal record, if any; (4) previous employment; (5)

80 corporate, partnership or association affiliations; (6) ownership of  
81 personal assets; and (7) such other information as the executive  
82 director deems pertinent to the issuance of such license, provided the  
83 submission of such other information will assure the integrity of the  
84 state lottery. The executive director shall require each applicant for a  
85 vendor, affiliate or occupational license to submit to state and national  
86 criminal history records checks and may require each such applicant to  
87 submit to an international criminal history records check before such  
88 license is issued. The state and national criminal history records checks  
89 required pursuant to this subsection shall be conducted in accordance  
90 with section 29-17a. The executive director shall issue a vendor,  
91 affiliate or occupational license, as the case may be, to each applicant  
92 who satisfies the requirements of this subsection and who is deemed  
93 qualified by the executive director. The executive director may reject  
94 for good cause an application for a vendor, affiliate or occupational  
95 license.

96 (g) Each vendor, affiliate or Class I or II occupational license shall be  
97 effective for not more than one year from the date of issuance. Each  
98 Class III or IV occupational license shall remain in effect throughout  
99 the term of employment of any such employee holding such a license.  
100 The executive director may require each employee issued a Class IV  
101 occupational license to submit information as to such employee's  
102 financial standing and credit annually. Initial application for and  
103 renewal of any such license shall be in such form and manner as the  
104 executive director shall prescribe.

105 (h) (1) The executive director may suspend or revoke for good cause  
106 a vendor, affiliate or occupational license after a hearing held before  
107 the executive director in accordance with chapter 54. The executive  
108 director may order summary suspension of any such license in  
109 accordance with subsection (c) of section 4-182.

110 (2) Any such applicant aggrieved by the action of the executive  
111 director concerning an application for a license, or any person or

112 business organization whose license is suspended or revoked, may  
113 appeal to the Gaming Policy Board not later than fifteen days after  
114 such decision. Any person or business organization aggrieved by a  
115 decision of the board may appeal pursuant to section 4-183.

116 (3) The executive director may impose a civil penalty on any  
117 licensee for a violation of any provision of this chapter or any  
118 regulation adopted under section 12-568a in an amount not to exceed  
119 two thousand five hundred dollars after a hearing held in accordance  
120 with chapter 54.

121 (i) The executive director may require that the books and records of  
122 any vendor or affiliate licensee be maintained in any manner which the  
123 executive director may deem best, and that any financial or other  
124 statements based on such books and records be prepared in  
125 accordance with generally accepted accounting principles in such form  
126 as the executive director shall prescribe. The executive director or a  
127 designee may visit, investigate and place expert accountants and such  
128 other persons as deemed necessary in the offices or places of business  
129 of any such licensee for the purpose of satisfying himself that such  
130 licensee is in compliance with the regulations of the division.

131 (j) For the purposes of this section, (1) "business organization"  
132 means a partnership, incorporated or unincorporated association, firm,  
133 corporation, trust or other form of business or legal entity; (2) "control"  
134 means the power to exercise authority over or direct the management  
135 and policies of a licensee; and (3) "person" means any individual.

136 (k) The executive director of the Division of Special Revenue may  
137 adopt such regulations, in accordance with chapter 54, as are necessary  
138 to implement the provisions of this section.

139 Sec. 2. Section 12-557e of the general statutes is repealed and the  
140 following is substituted in lieu thereof (*Effective from passage*):

141 The Gaming Policy Board shall work in cooperation with the

142 Division of Special Revenue to implement and administer the  
 143 provisions of this chapter, chapters 226b and 229a and sections 7-169 to  
 144 7-186, inclusive. In carrying out its duties the board shall be  
 145 responsible for: (1) Approving, suspending or revoking licenses issued  
 146 under subsection (a) of section 12-574; (2) approving contracts for  
 147 facilities, goods, components or services necessary to carry out the  
 148 provisions of section 12-572; (3) setting racing and jai alai meeting  
 149 dates, except that the board may delegate to the executive director the  
 150 authority for setting make-up performance dates within the period of a  
 151 meeting set by the board; (4) imposing fines on licensees under  
 152 subsection (j) of section 12-574; (5) approving the types of pari-mutuel  
 153 betting to be permitted; (6) advising the executive director concerning  
 154 the conduct of off-track betting facilities; (7) assisting the executive  
 155 director in developing regulations to carry out the provisions of this  
 156 chapter, chapters 226b and 229a and sections 7-169 to 7-186, inclusive,  
 157 and approving such regulations prior to their adoption; (8) hearing all  
 158 appeals taken under subsection (k) of section 7-169, subsection (h) of  
 159 section 7-169h, subsection (c) of section 7-181, subsection (j) of section  
 160 12-574 and section [12-802b] 12-815a, as amended by this act; and (9)  
 161 advising the Governor on state-wide plans and goals for legalized  
 162 gambling.

163 Sec. 3. Section 12-806a of the general statutes is repealed and the  
 164 following is substituted in lieu thereof (*Effective from passage*):

165 As used in this section, "procedure" shall have the same meaning as  
 166 "procedure", as defined in subdivision (2) of section 1-120. The  
 167 Division of Special Revenue shall, for the purposes of sections 12-557e,  
 168 as amended by this act, and 12-568a, subsection (d) of section 12-574  
 169 and sections 12-802a, [12-802b,] 12-815a, as amended by this act, and  
 170 this section, [and section 12-815a,] regulate the activities of the  
 171 Connecticut Lottery Corporation to assure the integrity of the state  
 172 lottery. In addition to the requirements of the provisions of chapter 12  
 173 and notwithstanding the provisions of section 12-806, the Connecticut  
 174 Lottery Corporation shall, prior to implementing any procedure

175 designed to assure the integrity of the state lottery, obtain the written  
176 approval of the executive director of the Division of Special Revenue in  
177 accordance with regulations adopted under section 12-568a.

178 Sec. 4. (*Effective from passage*) Section 12-802b of the general statutes  
179 is repealed.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	12-815a
Sec. 2	<i>from passage</i>	12-557e
Sec. 3	<i>from passage</i>	12-806a
Sec. 4	<i>from passage</i>	12-802b repealed

**PS**

**Joint Favorable C/R**

**FIN**